Office of the State Auditor

Audit Report

New Jersey Transportation Trust Fund Authority
Appropriations to the
Department of Transportation

January 1, 1995 to June 30, 1995
New Jersey Transportation Trust Fund Authority
Appropriations to the
Department of Transportation

Table of Contents

Transmittal Letter ....................................... 1
Scope ...................................................................... 2
Objective ................................................................. 2
Methodology .............................................................. 3
Conclusion ................................................................. 3
Supplementary Data

Status of Bonds .............................................. 5
Investment Status .................................................. 5
Projects Financed by Proceeds ................................ 5
Bond Issues Expected ............................................. 5
Status of Bonds ....................................................... 6
Summary of Appropriations, Expenditures and Obligations. 7
We have completed an audit of expenditures made by the Department of Transportation for transportation projects financed from the revenues of the New Jersey Transportation Trust Fund Authority for the period January 1, 1995 to June 30, 1995. We found that the financial transactions included in our testing were related to the projects.

New Jersey Transportation Trust Fund Authority
Appropriations to the
Department of Transportation

Scope

We have completed an audit of the expenditures made by the Department of Transportation for transportation projects financed from the revenues of the New Jersey Transportation Trust Fund Authority for the period January 1, 1995 to June 30, 1995. Our audit included financial activities accounted for in the State Transportation Fund.

Total expenditures of the projects during the six month audit period were $89.3 million. The prime responsibility of the New Jersey Transportation Trust Fund Authority is to provide the payment for and financing of all, or a portion of, the costs incurred by the Department of Transportation for the planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the state’s transportation system.

In addition, we are to report on the status of the bonds and projects financed from the proceeds of the bonds. The report shall include the investment status of all unexpended bond proceeds and provide a description of any bond issues expected during a fiscal year. Accordingly, we have included this supplementary data in our report. This information has not been audited and we do not express an opinion on the information.

Objective

The objective of our audit was to determine the extent to which funds are expended for costs directly related to the projects, including but not limited to salaries and other administrative expenses.

This report is issued pursuant to the State Auditor’s responsibilities as set forth in N.J.S.A. 27:1B-21.1e and N.J.S.A. 27:1B-21.1f.
Methodology

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by the State Comptroller, and policies of the agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview and observation and through our samples of financial transactions. We also read the budget message, reviewed financial trends and interviewed agency personnel to obtain an understanding of the projects, the internal control structure, status of bonds, projects financed by the proceeds and the investment status of the bond proceeds.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample populations were stratified and large dollar transactions were examined. Other transactions were randomly selected.

Conclusion

We found that the financial transactions included in our testing were related to the objectives of the projects.
Status of Bonds

On January 15, 1985 the Transportation Trust Fund Authority issued bonds for financing the costs of planning, engineering, construction, repair and rehabilitation of the state transportation system. The 1985 series A bond was the initial series of bonds issued by the authority under the bond resolution. The authority has issued bonds totaling $1,622,740,000 as of June 30, 1995. As of June 30, 1995, the total outstanding was $1,379,927,894. See Schedule I for the status of each bond issue.

Investment Status

All investments of the authority are maintained in the State of New Jersey Cash Management Fund. The market value at June 30, 1995 was $162,612,519.

Projects Financed by Proceeds

The projects financed by the proceeds of each bond issue are not determinable. The bond proceeds are commingled with other revenue sources: motor fuel taxes, commercial vehicle fees and taxes, and toll road authority contributions. A schedule of the current projects and the ending balances is provided on Schedule II.

Bond Issues Expected

During July and August 1995, the authority sold bonds totaling $1,592,700,000, for the purpose of refunding the authority’s prior year outstanding transportation system bonds, prepaying the authority’s outstanding subordinate advance agreement notes dated May 19, 1995, and paying state transportation system costs, including certain issuance costs of the 1995 series A and B bonds.

The authority anticipates the sale of bonds in the third quarter of fiscal year 1996.